

Castle: Commission Needed to Recommend Reforms to Ensure Solvency of Medicare, Medicaid, Social Security -- April 25, 2007

WASHINGTON, D.C. - In the wake of a new report from the Social Security and Medicare trustees that says without reform, Medicare will be financially insolvent by 2019 and Social Security by 2041, Delaware Congressman Mike Castle today joined with U.S. Rep. John Tanner (D-Tenn) and Senators Chuck Hagel (R-NE) and Jim Webb (D-VA) in introducing the "Comprehensive Entitlement Reform Commission Act" (H.R. 2024). Castle was the lead Republican sponsor of similar legislation in the last Congress.

"With the Trustees Report yesterday reconfirming for all of us, the urgent need to address the solvency of Medicare, Medicaid and Social Security sooner rather than later, this Commission can play a vital role in making specific recommendations on how to do so. With these three entitlement programs comprising such a large chunk of our federal budget every year, there is no question that in order to be fiscally responsible we can no longer wait to make changes. Facing the tough choices now, will ensure a healthier economy in the long run," Castle said.

The bipartisan entitlement reform commission would be comprised of eight members - none of whom could be sitting Members of Congress - appointed by bipartisan leaders of the House and Senate. The Government Accountability Office would perform oversight of the commission, which would also work with full public access. The commission would be required to submit a final report to the president and Congress within one year, and Congress would be encouraged to hold committee hearings to review the commission's recommendations.

A Fact Sheet on the Legislation is Attached

###

Comprehensive Entitlement Reform Commission Act of 2007

Purpose:

- The Entitlement Reform Commission will review Social Security, Medicare and Medicaid and make comprehensive recommendations to sustain the solvency and stability of these three programs for future generations.

Facts:

- Social Security, Medicare and Medicaid face a \$47 trillion unfunded commitment over the next 75 years. (Source:

Government Accountability Office; Social Security Administration; Centers for Medicare and Medicaid Services; Congressional Research Service)

- The Social Security Trust Fund will pay out more money than it takes in beginning in 2017 and will be exhausted in 2041. Social Security faces a \$4.7 trillion unfunded commitment over the next 75 years. (Source: Social Security Administration)
- The Medicare Part A Trust Fund (hospital insurance) will be exhausted in 2019 and faces an \$11.6 trillion unfunded commitment over the next 75 years. (Source: Government Accountability Office; Centers for Medicare and Medicaid Services)
- The Medicare Part B (supplementary medical insurance) faces a \$13.9 trillion unfunded commitment over the next 75 years. (Source: Government Accountability Office; Centers for Medicare and Medicaid Services)
- The Medicare Part D (prescription drugs) faces an \$8.4 trillion unfunded commitment over the next 75 years. (Source: Government Accountability Office; Centers for Medicare and Medicaid Services)
- Medicaid faces an \$8.4 trillion unfunded commitment over the next 75 years. (Source: Congressional Research Service report - August 2005)
- Social Security, Medicare and Medicaid represent America's three major entitlement programs. Together, these programs make up 78% of total mandatory spending. (Source: Office of Management and Budget)
- Spending on Social Security, Medicare and Medicaid is projected to increase from 8.7% of gross domestic product (GDP) in 2006 to 16% of GDP in 2080. (Source: Congressional Research Service report - February 2007)
- In March 2005, Federal Reserve Chairman Alan Greenspan urged Congress to act on modernizing entitlement programs, "sooner rather than later." He warned that unless we act now to meet the huge unfunded commitments of our entitlement programs, there will be significant economic consequences for our nation.

Commission Overview:

- The Commission will be comprised of 8 total members. The House Speaker, House Minority Leader, Senate Majority Leader and Senate Minority Leader will each appoint two members.
- The Commission shall select two Co-Chairmen from among its members.
- All appointments must be made 30 days after enactment of the Act.
- Following the appointment of all Commission members, the Commission will have an initial organization period of two months to establish an outline for work. The Commission work will fall under the Federal Advisory Committee Act requiring Government Accountability Office oversight and full public access.
- The Commission shall appoint an Executive Director. The Executive Director will hire additional staff with approval of the Commission Co-Chairmen.
- The Commission is required to submit the final report to the President and Congress one year after the selection of the two Co-Chairmen of the Commission and the Executive Director.
- Congress is required to hold Committee hearings to review the Commission's recommendations.

The legislation authorizes \$1.5 million to carry out the necessary tasks of the Commission, such as salary for the Executive Director and staff and travel expenses for the members. Members will not be compensated with salary.

###

